

# Assessment Solutions

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Theme 4: What Is Taxed and Why  
Lesson 1: Federal/State/Local Taxes

## *Part 1*

Match the descriptions with the correct key term. Write the letters of the correct key terms on the lines provided.

### *Answer Key*

- A. transaction taxes
- B. individual income taxes
- C. property taxes
- D. corporate taxes
- E. motor fuel sales tax

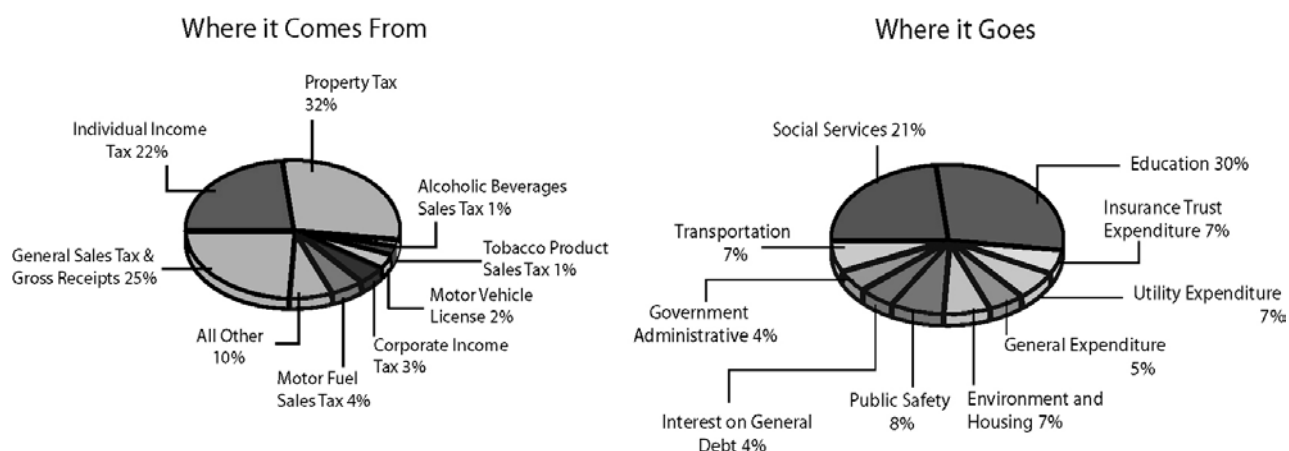
- B** 1. The largest share of federal tax revenue comes from \_\_\_\_\_.
- C** 2. What homeowners pay based on the value of the residence.
- E** 3. \_\_\_\_\_ makes up 4 percent of state and local revenue.
- D** 4. Communities sometimes waive \_\_\_\_\_ to bring new businesses to town.
- A** 5. Taxes collected on the sale of clothes are an example of this type of tax.

## *Part 2*

Rank the following revenue sources in the order in which they contribute to state and local income. Use 1 to label the item that contributes the greatest amount. Use 5 for the item that contributes the least. Consult the pie chart on the next page for help. Write your answer in the space provided.

- 3** Individual income tax
- 1** Property tax
- 5** Motor fuel sales tax
- 4** All other
- 2** General sales tax and gross receipts

## State and Local Revenue and Expenditures



### Part 3

Match state and local expenditures to the percentage of spending. Write the letters of the correct percentages on the lines provided. Consult the pie chart above for help.

#### Answer Key

- A. 30%
- B. 4%
- C. 8%
- D. 7%
- E. 21%

- E     1.     Social Services
- D     2.     Transportation
- C     3.     Public Safety
- B     4.     Interest on Debt
- A     5.     Education